

Function 150: International Affairs

Function 150 contains funding for all U.S. international activities, including: operating U.S. embassies and consulates throughout the world; providing military assistance to allies; aiding developing nations; dispensing economic assistance to fledgling democracies; promoting U.S. exports abroad; making U.S. payments to international organizations; and contributing to international peacekeeping efforts. Funding for all of these activities constitutes about one percent of the federal budget.

Overall, the President's budget provides \$35.1 billion in funding for appropriated international affairs programs. This amount is \$3.8 billion (12.0 percent) more than the \$31.4 billion in non-emergency funding enacted for these programs for 2006.

Major Administration Initiatives

Millennium Challenge Corporation (MCC) — The budget includes \$3.0 billion for this initiative, the same amount requested in last year's budget and \$1.2 billion more than Congress provided for 2006. Funds from the MCC are made available on a competitive basis to countries with low and moderate per capita incomes. Countries receive MCC funds based on their performance on 16 economic and political indicators, grouped into three clusters: good governance, investment in people, and economic policy.

Global AIDS Initiative — In his 2003 State of the Union Address, the President announced his Emergency Plan for AIDS Relief, a five-year, \$15 billion U.S. commitment to fight AIDS internationally. For 2007, the budget contains a total of \$4.0 billion toward this initiative spread throughout numerous Function 150 and HHS and CDC accounts — with more than three-fourths of this total included in Function 150. This represents an increase of about \$750 million above the level provided for 2006, according to the Administration's estimates. The largest piece of the international affairs portion of this funding is \$2.9 billion for the Global HIV/AIDS Initiative at the State Department. Among other funds, the budget also includes \$300 million for the Global Fund to Fight AIDS, Tuberculosis, and Malaria, \$200 million of which is in Function 150 — about \$250 million less than the overall 2006 enacted level for the Global Fund.

Other Development Accounts — The budget provides \$1.3 billion for the Development Assistance account, \$227 million (22.7 percent) less than the amount enacted for 2006. The budget provides \$1.4 billion for Child Survival and Health Programs, a reduction of \$211 million (12.8 percent) below the 2006 enacted level. The majority of this reduction (\$150 million) results from the shift of HIV/AIDS funds from the Child Survival and Health account to Global HIV/AIDS Initiative at the State Department.

Funding for Iraq and Afghanistan

Iraq — The budget provides \$735 million for Iraq in specific accounts: \$479 million in Economic Support Fund (ESF) assistance, \$255 million in International Narcotics Control and Law Enforcement funding, and \$1 million for International Military Education and Training. Some funding for Iraq may be provided from other accounts, but those funding totals are not specified in the budget. To date, about \$21.0 billion in Function 150 funding has been appropriated for Iraq relief and reconstruction — \$20.9 billion in supplemental appropriations to the Iraq Relief and Reconstruction Fund, and \$61 million in regular 2006 Economic Support Fund appropriations. As of February 2006, a total of \$18.0 billion of these funds had been obligated, and \$12.9 billion actually spent. Additional funding for Iraq may be included as part of an upcoming supplemental request from the Administration.

Afghanistan — The budget provides \$1.1 billion in funding for Afghanistan in specific accounts, including \$610 million in ESF funding, \$297 million in International Narcotics Control and Law Enforcement funding, and \$150 million in Development Assistance. For 2006, \$931 million was provided for Afghanistan across all accounts.

International Security Assistance

Foreign Military Financing — The FMF program provides grants to help U.S. allies acquire military articles, services, and training from the United States. The budget provides \$4.6 billion in funding for FMF, which is \$86 million (1.9 percent) more than the amount enacted for 2006. The top four recipients of FMF financing in the 2006 budget are Israel, Egypt, Pakistan, Jordan.

In 1998, Israel and the United States reached an agreement to increase FMF assistance to Israel by \$60 million per year for ten years and to decrease Economic Support Fund aid (see below) by \$120 million per year for ten years. The budget maintains the funding glide path envisioned in the 1998 agreement, providing \$2.34 billion for FMF assistance for Israel for 2007. The budget includes \$1.3 billion in FMF funding for Egypt, the typical level of FMF assistance for Egypt since 1986. The budget provides \$300 million for Pakistan, and \$206 million for Jordan.

Economic Support Fund (ESF) — The ESF program provides bilateral economic assistance to countries of particular importance to U.S. foreign policy. The budget provides \$3.2 billion for ESF

Middle East Partnership Initiative — The budget provides \$120 million of ESF funding for the Middle East Partnership Initiative, which is \$21 million more than the 2006 enacted level. This initiative is designed to encourage structural reforms in the region by funding programs that, among other things, expand economic and educational opportunities and support democratic reforms and the rule of law.

activities for 2007, which is \$593 million (22.6 percent) more than the amount enacted for 2006. More than 70 percent of this increase results from ESF funding for Iraq, which received \$60 million for 2006 and receives \$479 million for 2007.

The budget maintains the funding glide path envisioned in the 1998 agreement between Israel and the United States discussed above, providing \$120 million for ESF assistance for Israel for 2007. In a separate agreement reached by Egypt and the United States in 1998, ESF assistance to Egypt was scheduled to decrease by \$40 million per year. The budget continues the glide path envisioned in this agreement, including \$455 million in ESF funding for Egypt for 2007. The budget provides \$610 million in ESF funding for Afghanistan (a 43.3 increase above the amount provided for 2006), \$350 million for Pakistan, and \$245 million for Jordan.

Non-Proliferation, Anti-Terrorism, Demining, and Related Programs (NADR) — The budget provides \$449 million for NADR programs, which, among other things, provide anti-terrorism training to foreign governments and work to reduce the dangers posed by nuclear material. This amount is \$43 million (10.6 percent) more than the amount enacted for 2006.

State Department and Related Programs

Diplomatic and Consular Programs — The budget provides \$4.7 billion for the operations of most diplomatic and consular programs, including the support of our embassies and much of the State Department. This amount is \$348 million (8.1 percent) more than the non-emergency amount enacted for 2006.

Embassy Security Construction and Maintenance (ESCM) — ESCM funding supports the construction and maintenance of U.S. diplomatic facilities. The budget provides \$1.5 billion for ESCM activities. This amount is \$85 million (5.8 percent) above the non-emergency amount enacted for 2006.

International Broadcasting and Exchange Programs — The budget provides \$671 million for the Broadcasting Board of Governors for 2007, an increase of \$27 million (4.2 percent) above the 2006 enacted level. The budget provides \$474 million for Educational and Cultural Exchange programs, an increase of \$48 million (11.3 percent) above the 2006 enacted level.